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January 4, 2007

Honorable James H. Welsh
Commissioner of Conservation
Department of Natural Resources
Office of Conservation
P. O. Box 94275
Baton Rouge, Louisiana 70804-9275

RE: Marg Howei B Sand, Reservoir A
MANCHAC POINT FIELD
East and West Baton Rouge Parishes, Louisiana

Dear Sir:

Application is hereby made on behalf of Hilcorp Energy Company to the Commissioner of Conservation for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order pertaining to the following matters relating to the Marg Howei B Sand, Reservoir A, in the Manchac Point Field, East and West Baton Rouge Parishes, Louisiana.

1. To establish rules and regulations governing the exploration for and production of gas and condensate from the Marg Howei B Sand, Reservoir A, in the Manchac Point Field, East and West Baton Rouge Parishes, Louisiana.
2. To create a single drilling and production unit for this sand and to force pool and integrate all separately owned tracts, mineral leases and other property interests within the unit so created.
3. To designate a unit operator and a unit well for the unit so created, as may be appropriate.
4. To provide that the Marg Howei B Sand, Reservoir A, should be exempt from the spacing provisions of Statewide Order No. 29-E.
5. To provide that the Commissioner may reclassify the reservoir by supplemental order and without the necessity of a public hearing should such reclassification be warranted, based on evidence furnished the Commissioner.
6. To discuss any other matters that may be pertinent to this application.

The Marg Howei B Sand, Reservoir A, in the Manchac Point Field, East and West Baton Rouge Parishes, Louisiana, is hereby defined as being that gas and condensate bearing sand encountered between the depths of 9692' and 9702' electric log measured depths (9225' to 9235' - true vertical depths) in the Hilcorp Energy Company - S.L. 5021 No. 2 Well (SN 183602), located in Section 72, Township 8 South, Range 1 West, East Baton Rouge Parish, Louisiana.

In addition to furnishing the legal notice to all Interested Parties, the applicant will provide for POSTING of the legal notice of the hearing and unit plat in a prominent place in the area of the Manchac Point Field, East and West Baton Rouge Parishes, Louisiana, and will cause the legal notice of the hearing to be PUBLISHED in a newspaper of general circulation published in the vicinity of the Manchac Point Field, East and West Baton Rouge Parishes, Louisiana, at least fifteen (15) days before the hearing date.

Any pertinent data relating to the subject application can be obtained, **AT THE COST OF THE REQUESTING PARTY**, from Cambe Geological Services, Inc., 6300 Westpark, Suite 400, Houston, Texas 77057 (713-659-8363).

In compliance with the Rules of Procedure, a preapplication notice was given, but no request for a conference was received, and therefore, none was held.

There are attached hereto and made a part hereof a plat outlining the proposed unit and a list of the names and addresses of the Interested Owners, Represented Parties, and Interested Parties to whom this application is being sent. Pursuant to the Revised Rules of Procedure, such list of parties and proposed unit plat (being the same plat attached to the December 20, 2006 notice) are being furnished **ONLY** to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, said plat and the list of parties will be provided to any party requesting copies. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties.

Finally, there is enclosed our check on behalf of the applicant, Hilcorp Energy Company, in the sum of \$755.00 payable to the Office of Conservation and representing the required hearing application fee.

Sincerely,

LEON E. COMEAUX & ASSOCIATES



Bill McAlister

BM/cu

Enclosures

cc: Mr. Richard Hudson
Office of Conservation
825 Kaliste Saloom Rd.
Brandywine III, Suite 220
Lafayette, Louisiana 70508

Interested Parties, Interested
Owners and Represented Parties

